

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY)	
WATER WORKS, INC., FOR AN)	
ADJUSTMENT OF RATES PURSUANT)	CASE NO. 8631
TO THE ALTERNATIVE PROCEDURE)	
FOR SMALL UTILITIES)	

O R D E R

IT IS ORDERED that Big Sandy Water Works, Inc., shall file an original and six copies of the following information with the Commission (with a copy to all parties of record) by October 12, 1982. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case will be dismissed.

(1) According to Case No. 8014 regarding the sale of Highland Water Company to Big Sandy Water Works, Inc., a conventional mortgage through the Citizens National Bank of Paintsville was obtained to finance the purchase of the water system. Provide a copy of the contract and information stating the terms, call features, interest rate, and payback period of the contract.

(2) Explain what action is being taken to reduce the amount of line loss of the water system.

(3) In reference to Case No. 8014, Big Sandy Water Works was ordered by the Commission to adopt the existing

rates, tariffs and regulations filed by Highland Water Company with the Commission. Since an adoption notice has not been filed, one is enclosed for you to provide the necessary information.

(4) Provide a breakdown of the \$10,600 reported in Account 143, Other Accounts Receivable, in the 1981 Annual Report. Describe the nature of the receivable including the name or the names of the parties involved and a description of the goods or services rendered by Big Sandy.

(5) Explain why \$9,148.90 depreciation expense on contributed property is reported on page 1, item 13 of the rate application form for the current Case No. 8631.

(6) In the current rate application form on page 3, various expenses are listed without any documentation provided to substantiate an increase in expenses. Moreover, these increases are from June 1981 to June 1982, but the test year used in this short form filing is the calendar year ending December 31, 1981.

The Commission allows only known and measurable increases or decreases in revenues and expenses. A comparative income statement form is enclosed on which adjustments to the 1981 income statement may be made if any are necessary. Documentation of increases in the pro forma adjustment column must, as indicated, be fully explained and verification of the increase must be provided. (An example of this verification process is as follows: A utility's electric cost had increased from

\$1.50/KWH to \$2.50/KWH and 1000 KWH were used by the utility during the test period. The adjustment to electricity expense would be \$1000 and the Commission would require copies of the utility's electricity bills to verify the increase.)

(7) Provide a depreciation schedule for plant in service.

(8) Provide a breakdown of Account 427, Interest on Long-term Debt, in the 1981 Annual Report. Does the amount reported include any principal or any interest applicable to periods prior to 1981 or after 1981?

(9) Provide a breakdown of the total compensation for each employee for 1981. Also, provide a description of each employee's duties and the number of hours worked at Big Sandy per week.

(10) Provide a breakdown of Account 930, Miscellaneous and General Expenses of \$9,728 in the 1981 Annual Report. Show only expenses exceeding \$50 and provide a description of the purpose of the expenditure.

(11) Explain and provide a breakdown of the amount reported for Account 922, Administrative Expenses Transferred. This account normally should have a credit balance but it is shown with a debit balance in the 1981 Annual Report.

Done at Frankfort, Kentucky, this 13th day of September 1982.

PUBLIC SERVICE COMMISSION

ATTEST:


By the Commission

Secretary

ended December 31, 1981
test period

- On a separate sheet of paper please explain the pro-forma adjustment to each expense account

P.S.C. Ky. Adoption Notice No. _____

ADOPTION NOTICE

The undersigned _____
(Name of Utility)

of _____ hereby adopts, ratifies, and
makes its own, in every respect as if the same had been originally
filed and posted by it, all tariffs and supplements containing rates,
rules and regulations for furnishing _____
(Nature of Service)

service at _____ in the Commonwealth of Kentucky,
filed with the Public Service Commission of Kentucky by _____
_____ of _____,
(Name of Predecessor)

and in effect on the _____ day of _____, 19 _____,
the date on which the public service business of the said _____
_____ was taken over by it.
(Name of Predecessor)

This notice is issued on the _____ day of _____,
19 _____, in conformity with 807 KAR 2:020, Section 9 of the Regulations
for the filing of Tariffs of Public Utilities with the Public Service
Commission of Kentucky.

By _____

Authorized by K.P.S.C. Order No. _____